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SUBJECT: AUSTRALIA FEELING HEAT AT POZNAN

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[1](#)B. CANBERRA 1154
[1](#)C. CANBERRA 1077
[1](#)D. CANBERRA 902

Classified By: Economic Counselor Edgard Kagan, Reasons 1.4(b)(d)

[1](#)1. (SBU) Summary: A year after being widely praised for signing the Kyoto Protocol at the Bali Climate Change Conference, PM Kevin Rudd's government is now coming under fire to an unexpected degree for appearing to take a more conservative approach at the UN Framework Convention on Climate Change (UNFCCC) talks in Poznan. Both developed and developing countries have called on Australia to lead the negotiations by offering a target of at least 25 per cent, but the announcement of a more modest target on December 15 will signal a far more pragmatic approach. End summary.

Stalling on Climate Change Target?

[1](#)2. (SBU) UK Prime Minister Brown and former US vice-president Al Gore both called PM Rudd over the weekend to urge Australia to publicly back a 25 per cent target as the Rudd Government faces growing domestic pressure not to lead the world on cutting greenhouse gas emissions. This followed days of calls by developing countries, including Brazil, China, and others, on Australia to adopt a tough mid-term emissions reduction target. European NGOs ranked Australia below almost all developed countries and even below Russia in terms of its climate-protection performance. On a table of the 57 largest CO2 emitting nations, Australia was ranked sixth worst, ahead of only Kazakhstan, Luxembourg, the US, Canada and Saudi Arabia. The Climate Action Network said Australia was "trying to wriggle their way out of putting their (emissions reduction target) number on the table", and the Rudd Government was behaving like the Howard government. Leading climate change economist Nicholas Stern has also called on Australia to accept the advice of Australia National University economist and climate advisor Ross Garnaut and leave open the idea of a 25 per cent cut in greenhouse emissions by 2020.

[1](#)3. (C/NF) While Rudd and Climate Minister Penny Wong have expected some degree of negative press for their more conservative approach, the intervention of Brown, Gore, and Stern will likely have surprised them. Green Party Senator

Christine Milne, a vocal opponent of Rudd's softening on climate over the past year, told econoff December 11 that the calls by such high profile voices on climate change would not have been anticipated by government. "I don't think they factored in (these calls)," Milne said. "They expected to be able to muddy the waters at Poznan, achieve nothing, and then come home and blame the Brazils and South Africas for the breakdown, and the absence of the U.S. in a meaningful way (because of the U.S. presidential transition) to stick to what they've got." The additional pressure of calls by Brown, Gore and Stern will only feed expectations by supporters in Australia that the government take a harder line on climate change. John Connor, CEO of the Climate Institute in Sydney, told us that the discontent with Australia was a result of "everyone looking for heroes in this discussion, and being disappointed to see one of the rising heroes falling out."

14. (C/NF) The decision to delay announcement of Australia's proposed emissions reduction target until December 15 also caused more trouble than expected. Connor said that climate activists, here and internationally, are "frustrated with the change of plan to announce our targets ahead of Poznan. This has limited the negotiations. People understand that this is a process but they are watching (the Rudd government) like hawks and wanted to keep the momentum going. The expectation was that we would take to Poznan a target and put it on the table." Milne agreed, saying that developing countries criticism of Australia was founded on a fear that Rudd and his team are negotiating in bad faith. "Everyone from one end of the world to the other knows that Australia has bedded down what it is going to announce on Monday," she said. "Diplomatically, they've brought on themselves a lot of grief because they are seen as negotiating in bad faith." China's aggressive calling out of Australia last week, when Pan Jiahua, a member of the PRC's Climate Experts Group, said publicly that Australia would be acting as if it considered itself a poor nation if it set less than a 25 percent reduction target, was "payback for bad diplomacy," Milne said. South Africa also blasted Australia publicly at the Poznan talks. "They've spent the last year pointing the finger at Beijing and saying their emissions are worse than Australia's, well Beijing is point the finger right back." Harinder Sidhu, Assistant Secretary for Strategy and Global Issues at the Department of Climate Change, said that the focus on Australia among developing countries at Poznan was indicative of a more reality-based discussion. Sidhu said that this year's discussions involve a "growing number of developing countries coming into the negotiations looking at the real impacts emissions reductions will have on their economic growth, and they are acting in a much more realistic way when discussing them."

Failure on CDM in Poznan Talks

15. (SBU) In addition to international criticism, Australian climate negotiators suffered a major defeat this week when their draft proposal to extend the Clean Development Mechanism to clean coal and carbon-capture technology was held up by a coalition of developing nations led by Brazil, which refused to allow a draft proposal to be considered by Ministers in Poznan over the next two days. This is interpreted by many as meaning there is no hope the idea will be adopted in a Copenhagen treaty next year, and is a blow to the Rudd government's plans to heavily support clean coal development internationally.

Changing Signals

16. (SBU) In Poznan on December 11, Climate Change Minister Penny Wong was adamant the Government would stick to the 2010 start-up date for carbon trading. "It would be wrong to introduce any uncertainty about the Government's intentions," she said. "One of the key considerations is to give business the certainty they need. We are talking, particularly in the energy sector, about long-run decisions that are going to be

critical in Australia reducing its emissions over the next 10 or 20 years." Wong said the Government is committed to leading the way at climate talks in Poland and is not stalling negotiations on climate change, despite refusing to reveal its greenhouse targets until after the UN conference." However, in Indonesia on December 9, Prime Minister Kevin Rudd took a different approach and insisted the Government had committed to an ambitious goal to reduce carbon emissions and that the reduction would be subject to the state of negotiations in the coming year. He made the remarks as the Indonesian President, Susilo Bambang Yudhoyono, urged QIndonesian President, Susilo Bambang Yudhoyono, urged developed countries to lead the way and representatives of poor countries called for a reduction of 25 to 40 per cent. This reinforces the view that the government's Carbon Pollution Reduction Scheme (CPRS) may leave open the possibility of cutting domestic emissions by 25 per cent by 2020, but only as part of an ambitious and comprehensive international agreement including commitments from India and China. Absent such a deal, the CPRS will likely lay out a target range of between 10 and 15 per cent reduction over 2000 levels by 2020.

Domestic Strife Over Emissions Trading

17. (C/NF) In recent days, there has also been a definite increase in domestic criticisms of the Rudd government over climate change - with business and the Opposition calling for delay or a low target for the CPRS. The Mining Council of Australia has criticized the proposed CPRS, claiming that its design is so onerous that even modest emissions targets would impose huge costs. Even the Industry Australia group, previous supporters of the CPRS, has called for caution in its introduction because of the global economic crisis. The Opposition supports emissions trading, but does not believe a scheme should be introduced until 2011 or 2012. Milne said that while international criticism was worse than government expected, the reality was that domestic backlash was going to be even more troubling. "There is a simmering concern with climate change in the minds of Australians, and come Monday there will be a breakout when they realize that the Rudd government isn't going to do anything more than (former PM) Howard was prepared to do. Rudd is going to be surprised by how bad it will be. The only thing that will save them is that the Opposition and Malcolm Turnbull are worse."

18. (SBU) Comment: Australian climate change negotiators, derided by one source we've talked to as "the same old team with the same old message," are swimming upstream against an unusual amount of criticism this year. With the focus on the U.S. muted because of the ongoing presidential transition, and the decision to not articulate its commitments in Poznan, Australia is under a much hotter spotlight than would have been the case if Rudd had backed up early indications that he would embrace a tough set of targets or stuck to announcing them in Poland. End comment.

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